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Global Agricultural Information Network

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Mexico

Avocado Annual

Production and Exports Forecast Higher

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Report Highlights:

Mexican Hass avocado production is forecast to reach 1.3 million metric tons (MMT) in marketing year (MY) 2012/13, a modest increase over MY 2011/12. Michoacán is the world leader in avocado production and accounts for 85 percent of total Mexican avocado production. Fresh domestic consumption in MY 2012/13 is forecast steady at 850,000 MT, and avocado exports are forecast to reach 500,000 MT in MY 2012/13. Exports to the U.S. are expected to continue increasing.

Commodities:

Avocados, Fresh

Production:

The avocado production forecast for MY 2012/13 (July/June) is 1.3 million metric tons (MMT). The forecasted increase over MY 2011/12 is based on expected good weather and mild winter. Sources indicate that the implementation of phytosanitary pest control programs has also helped boost production. Production estimates for MY 2011/12 are 1.26 MMT, higher than previously expected due to a mild winter and good weather conditions. Production estimates for MY 2010/11 remain unchanged at 1.10 MMT. Weather conditions in Michoacán (rainfall and freezing temperatures) during May/June 2010, affected overall production.

Table 1. Mexico - Fresh Avocado Production			
MY July/June			
Production	Estimate MY 2010/11	Estimate MY 2011/12	Forecast MY 2012/13
Area planted (Ha)	134,322	142,146	150,000
Area Harvested (Ha)	123,403	126,597	132,000
Production (MT)	1,107,135	1,264,141	1,300,000
Source: SIAP/SAGARPA			

Producers, sponsored by the Avocado Association in Michoacán (APEAM – Asociacion de Productores y Empacadores Exportadores de Aguacate de Michoacan), invested nearly U.S. \$2 million in technological improvements in June 2010 to ensure that avocados are free of pests and any chemical or biological residues. This investment continues to improve the quality of the fruit. Michoacán is the world's leader in avocado production and accounts for 85 percent of total Mexican avocado production. The state of Jalisco is the second producer in Mexico with 3 percent of production. Growers in Jalisco have requested that SAGARPA and USDA reach agreement on a phytosanitary protocol to facilitate the export of their avocados to the United States. Governmental officials continue to discuss this issue.

Table 2. Mexico – Avocado – Planted Area for Selected States			
States (Ha)	Estimates MY 2011/12	Forecast MY 2012/13	% increase
Chiapas	1,412	2,832	200
Jalisco	10,867	12,508	15.1
Michoacan	108,683	112,671	3.6
Nayarit	4,140	4,374	5.6
Oaxaca	1,526	1,652	8.2
Source: SIAP/SAGARPA			

Total area planted for MY 2012/13 is forecast at 150,000 hectares, an increase of more than 5% over MY 2011/12, as growers in different states in Mexico are interested in increasing area due to good domestic and international demand for Mexican Hass avocados. Area planted and harvested for MY 2011/12 increased compared to MY 2010/11. Most states grow the Hass variety. Other avocado varieties planted in Mexico at smaller scales are Fuerte, Criollo, Bacon, Pinkerton, Gwen and Reed.

Michoacan is currently the only state in Mexico authorized to export Hass avocados to the United States. USDA /APHIS registration of authorized pest-free municipalities in Michoacán continues expanding and is required for producers to export to the United States. In the last semiannual field inspection (April to Oct/2012), APHIS's export inspection program certified a total of 71,803 hectares as eligible to export to the United States. Currently, 24 Michoacán municipalities are certified to export to the United States: Acuitzio, Tancitaro, Uruapan, Tingüindin, Salvador Escalante, Nuevo Parangaricutiro, Periban de Ramos, Ario, Los Reyes, Apatzingan, Taretan, Tacambaro, Tingambato, Madero, Cotija de la Paz, Erongaricuaró, Tocumbo, Tuxpan, Irímbo, Hidalgo, Turicato, Ziracuaretiro, Paracuaro and Tangamandapio. For the next semiannual field survey, October/2012 to April/2013, 75,000 hectares are being proposed to be eligible to export to the U.S.

Despite the relatively high cost of production, producing Mexican Hass avocados has been a profitable activity due to high domestic retail prices and increased exports. The latest information indicates that the cost of irrigated production per hectare has not increased dramatically. Many producers have implemented SAGARPA's non-mandatory food safety program recommendations and consider this practice and any added costs as a long-term investment. According to sources, costs of production in Michoacan vary from about \$45,000 pesos/hectare (USD \$3,390/hectare) using basic technology to about \$60,000 pesos/hectare (USD \$4,520/hectare) with advanced technology that includes machinery and irrigation systems. Yields also vary from 8 or 10 metric tons per hectare (MT/ha) to 14 or 16 MT/ha, depending on the level of technology used. Overall yields in Mexico for MY 2012/13 are forecast at 9.8 MT/ha. Yields for MY 2011/12 are estimated at 10 MT/ha. According to sources, about 98 percent of the area in the state of Michoacan has a tree density of 100 trees per hectare. However, there are a few growers that are trying higher densities of about 115 to 130 trees per hectare. The state of Jalisco, with new and expanding developments, is also planting at higher tree densities and using advanced management technologies. Yields there are expected to be between 15 and 20 MT/ha.

Consumption:

Fresh domestic consumption for MY 2012/13 is forecast at about 850,000 MT, similar to last MY 2011/12, due to a good demand as favorable prices are expected. Fresh domestic consumption for MY 2011/12 was estimated at about 850,000 MT, although domestic prices were not as affordable for CY 2011. The majority of Mexico's avocado production is consumed domestically as avocados are a staple food in most Mexican households. Consumption for MY 2010/11 was estimated at about 747,138 MT as demand was lower due to higher domestic prices. Data on avocado consumption by the processing industry is either proprietary or non-existent. Industry representatives indicate that domestic processing use is between 170,000 to 200,000 MT.

Fresh avocado exports continue to drive producer profitability despite the fact that new domestic market niches (related to the extraction and export of avocado oil for the cosmetic industry) are developing. The cosmetic industry has not taken advantage of this demand segment as there is a consumer perception that avocado byproducts are expensive.

Sources indicate that increased output, new orchards coming into production, and an increased number of certified municipalities will allow producers and exporters to adequately meet both domestic and international demand.

Trade:

Growers forecast avocado exports higher for MY 2012/13 compared to MY 2011/12 or about 500,000 MT. Exports have been increasing due to a good international demand and year-round market access to all 50 U.S. states. According to the Global Trade Atlas, exports for MY 2011/12 are estimated at 409,761 MT, however, the industry estimates exports at about 460,000 MT. U.S. imports are estimated at about 360,923 MT according to the Census Bureau. According to the Global Trade Atlas, avocado exports for MY 2010/11 were estimated at 318,462 MT, however the industry estimates exports at about 360,000 MT. U.S. imports were estimated at 281,671 MT according to the Census Bureau.

The United States is the top export market for Mexico, consuming 75 percent of total exports. Japan and Canada are strategic market niches where Japan has about 10 percent of the market and Canada about 7 percent. Currently, 34 packers in Michoacan are eligible to export Mexican avocados to the United States.

According to sources, avocado imports, mainly from California, remain low. Mexican imports for MY 2011/12 were lower, at 1,124 MT, compared to 3,670 MT in MY 2010/11, as the domestic crop was strong and at affordable prices.

For additional information, SAGARPA has an informative brochure on Mexican avocado with general information on production, trade, marketing and regulations. The web page is:

<http://www.sagarpa.gob.mx/agronegocios/Documents/pablo/Documentos/Monografias/aguacate.pdf>

Policy:

Mexico continues to implement phytosanitary requirements and good manufacturing practices for the transportation of fresh avocados within the country (see report [MX2080](#)). Unofficial reports indicate that the vast majority of Michoacán producers and packers have implemented SAGARPA's recommended good manufacturing practices in order to guarantee the distribution of high quality produce in international and domestic markets.

Mexican fresh Hass avocados entering the United States are not subject to any duty. Mexican avocados are required to pay a fee of 2.5 U.S. cents per pound for the Hass Avocado Board and AMS for promotional purposes (see Marketing section). The producers also pay their Association (APEAM) 5 U.S. cents per pound of exported avocado for USDA inspection fees. Fresh avocado imports (HS 08.04.40.01) from the United States are not subject to any duty but are subject to phytosanitary and sanitary inspections by SAGARPA.

Marketing:

Under the U.S. Hass Avocado Promotion, Research and Information Order, an assessment of 2.5 cents per pound is levied on fresh Hass avocados imported into the United States. The fee is used for finance, promotion, research, consumer information, and industry programs. Mexico does not assess a charge against U.S. avocados. In the Japanese and Canadian markets, the avocado association, APEAM, has

invested about 1 million dollars each to promote avocados, as producers and packers are interested in exporting larger volumes to those countries with the goal of diversifying export markets.

MY 2011/12 export prices were lower than expected, because of a larger volume of avocados available in the market; however, prices were still good for the growers. As an example of this, during July 2011, prices were U.S.\$40 per 25 lb/box, whereas in July 2012 prices were \$25 per box. Wholesale domestic prices during the middle of CY 2012 decreased more than 28 percent compared to CY 2011 prices, due to higher supplies. Overall, Mexican domestic prices for this food staple are expected to remain attractive for consumers as the domestic crop is expected to be large in MY 2012/13.

Table 3. Mexico: Avocado Wholesale Prices				
Mexico City MX Pesos/Kg				
	2010	2011	2012	% Change
January	15.95	19.48	19.84	1.84
February	16.42	21.57	19.66	(8.85)
March	18.53	28.60	21.40	(25.17)
April	22.85	30.56	25.01	(18.16)
May	22.26	36.34	28.27	(22.20)
June	24.53	41.07	29.51	(28.14)
July	27.16	50.84	26.58	(47.71)
August	31.12	33.82	25.82	(23.65)
September	33.04	25.07	18.22	(27.32)
October	23.36	18.40	15.64	(15.00)
November	17.08	17.80	①14.44	(18.87)
December	17.19	18.11	n/a	n/a

Source: Servicio Nacional de Información de Mercados ([SNIIM](#))
 2010 Exchange Rate Avg.: U.S.\$ 1.00 = \$ 12.62 pesos
 2011 Exchange Rate Avg.: U.S.\$ 1.00 = \$ 12.42 pesos
 November 6, 2012 exchange rate U.S. \$ 1.00 = \$ 13.04 pesos
 ① As of Second week of November

Table 4. Mexico: Avocado Trade Tables

Avocado 0804.40		Unit: Metric Tons	
Exports for MY 2010/11 (July-June) to:		Imports for MY 2010/11 (July-June) from:	
U.S.	240,136	U.S.	3,670
JAPAN	32,842		
CANADA	22,687		
TOTAL OF OTHER	22,797		
TOTAL	318,462	TOTAL	3,670

Avocado 0804.40		Unit: Metric Tons	
Exports for MY 2011/12 (July-June) to:		Imports for MY 2011/12 (July-June) from:	
U.S.	309,329	U.S.	1,124
JAPAN	40,569		
CANADA	27,431		
TOTAL OF OTHER	32,432		

TOTAL	409,761	TOTAL	1,124

SOURCE: Global Trade Information Services, Inc. Global Trade Atlas, Mexico Edition, July 2012

For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work
<http://www.youtube.com/user/ATOMexicoCity>

Useful Mexican Web Sites: Mexico's equivalent of the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx, the equivalent of the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx, and the equivalent of the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the reader's convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.